

February 16, 2006

Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, D.C. 20581

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Reference File # 2637.01
Security Futures Product Rule Submission
Rule Certification

Dear Ms. Webb:

Pursuant to Commission Regulations 40.6(a) and 41.24, the Chicago Board of Trade (CBOT[®]) hereby submits the following:

- **New Chapters 57 and 58 relating to listing standards for security futures products per the attached texts (additions underlined).**

These new regulations adopt general listing standards and related regulations that will permit the trading on the Exchange of physically settled single security futures products, and the trading of security futures products based on narrow-based securities indices.

The Exchange certifies that it has also submitted these regulations to the Securities and Exchange Commission, by letter dated February 16, 2006, pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 and Rule 19b-7 thereunder (File No. SR-CBOT-2006-03).

There were no opposing views concerning these new regulations.

The CBOT intends to implement these new regulations one day after the Commission's receipt of this filing.

The CBOT certifies that these new regulations comply with the Commodity Exchange Act and the rules thereunder.

Sincerely,

Paul J. Draths
Vice President and Secretary

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Additions are underlined.

Chapter 57

Single Stock Futures

5701.01 Scope of Chapter - This chapter is limited in application to trading in any contract that is a security future (as such term is defined in Section 1a(31) of the Commodity Exchange Act) and that provides for the physical delivery of a single security (each, a "Single Stock Future"). The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the other Rules and Regulations of the Exchange.

5702.01 Emergencies, Acts of God, Acts of Government - If delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God, or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract.

5703.01 Specifications Supplements - The general specifications set forth in this Chapter shall be subject to, and qualified by, the specific terms applicable to trading, clearing or settlement of particular Single Stock Futures, as provided in Specifications Supplements adopted by the Exchange. Each Specifications Supplement for a Single Stock Future shall be substantially in the form set forth in Regulation 5718.01 or such other form as the Exchange may approve. No Specifications Supplement shall become effective until the Exchange has submitted to the CFTC (i) a certification satisfying the requirements set forth in CFTC Regulation 41.22 and (ii) a filing satisfying the requirements set forth in CFTC Regulation 41.23, with respect to the Single Stock Future to which it relates.

5704.01 Underlying Securities - Each Single Stock Future shall be based on an underlying security, which satisfies the requirements set forth in CFTC Regulation 41.21(a), as determined by the Exchange.

5705.01 Trading Unit- Each Single Stock Future shall require the delivery of a particular number of shares of the underlying security, as determined by the Exchange.

5706.01 Trading Hours - Single Stock Futures shall be traded during such hours, as determined by the Exchange.

5707.01 Delivery Months - Single Stock Futures shall be traded for delivery in such months, as determined by the Exchange.

5708.01 Last Trading Day- All trading in a particular Single Stock Future shall terminate at the close of business on such dates, as determined by the Exchange.

5709.01 Minimum Price Fluctuations – The minimum price fluctuation for each Single Stock Future shall be equivalent to \$0.01 per share.

5710.01 Price Limits - There is no daily price limit for Single Stock Futures.

5711.01 Position Limits - For purposes of Regulations 425.01 through 425.05, the position limit applicable to positions in any Single Stock Future held during the last five trading days of an expiring contract month shall be the position limit adopted by the Exchange in accordance with CFTC Regulation 41.25.

5712.01 Regulatory Trading Halts - Trading in a Single Stock Future shall be halted at all times that a regulatory halt, as defined in CFTC Regulation 41.1(l), has been instituted for the underlying security.

5713.01 Daily Settlement Price

- (a) The daily settlement price for each Single Stock Future will be the average of the final bid and final offer of the Single Stock Future at the close of trading.
- (b) If there is no bid or offer at the close of trading, then the Exchange shall set a reasonable settlement price by adjusting the average of the last bid and offer disseminated to the market and captured by an independent price reporting system during the trading day by the difference between the consolidated price of the underlying security at the time that the last bid or offer was quoted on the Exchange and the consolidated price of the underlying security at the close of regular trading hours.
- (c) Notwithstanding the above, the Exchange may in its sole discretion establish a settlement price that it deems to be a fair and reasonable reflection of the market. The Exchange will consider all relevant factors, including those discussed in this provision, when establishing such a settlement price.

5714.01 Final Settlement Price - The final settlement price of a Single Stock Future shall be calculated in accordance with Regulation 5713.01, unless the final settlement price is fixed in accordance with the Rules of the Exchange's Clearing Services Provider.

5715.01 Delivery - Delivery of the underlying securities upon termination of a Single Stock Future, and payment of the price in respect thereof, shall be made in accordance with the Rules of the Exchange's Clearing Services Provider. As promptly as possible after the receipt of a notice of delivery from the Clearing Services Provider with respect to a Single Stock Future held by a member firm for a customer, such member firm shall require such customer to deposit the underlying securities (in the case of a short position) or pay the aggregate price in respect thereof, in full and in cash (in the case of a long position), or in either case, if the transaction is effected in a margin account, to make the required margin deposit in accordance with the applicable regulations of the Federal Reserve Board.

5716.01 Contract Modifications - The specifications for a particular Single Stock Future shall be as set forth in the filing made with respect thereto pursuant to CFTC Regulation 41.23. If any U.S. governmental agency or body issues a law, order, ruling or directive that conflicts with the requirements of this Chapter or specifications set forth in any Specifications Supplement, such law, order, ruling or directive shall be deemed to take precedence over such requirements or specifications and shall become part of this Chapter or of such Specifications Supplement and all open and new contracts shall be subject thereto.

5717.01 Contract Adjustments - Adjustments to Single Stock Futures related to actions or transactions by or affecting the issuer of the underlying securities shall be made under the circumstances and in the manner prescribed by the Exchange or its Clearing Services Provider.

5718.01 Form of Specifications Supplement

Supplement No. _____
 Title of Single Stock Future: _____

Underlying Security:

Trading Unit:

Trading Hours:

Delivery Months:

Last Trading Day:

Delivery Day:

Minimum Price Fluctuation:

Reportable Position:

Position Limit in Expiring Contract
during Last Five Trading Days:

Other Specifications:

5719.01 Listing Standards

(a) Initial listing standards for Single Stock Futures

For a Single Stock Future to be eligible for initial listing, the security underlying the Single Stock Future must meet each of the following requirements. In addition, the Exchange will not list a Single Stock Future until it has arrangements in place with a registered clearing agency for the payment and delivery of the underlying security pursuant to Section 6(h)(3)(B) of the Securities Exchange Act of 1934 (as amended from time to time, the "Exchange Act"), and has made a rule submission required by the Securities and Exchange Commission ("SEC") regarding such arrangements.

- (1) The underlying security must be a common stock, an American Depositary Receipt ("ADR") representing common stock or ordinary shares, a share of an exchange traded fund ("ETF Share"), a trust issued receipt ("TIR") or a share of a registered closed-end management investment company ("Closed-End Fund Share").
- (2) It must be registered under Section 12 of the Exchange Act, and its issuer must be in compliance with any applicable requirements of the Exchange Act.
- (3) It must be listed on a national securities exchange or traded through the facilities of a national securities association and reported as a "national market system" security as set forth in Rule 242.600 under the Exchange Act ("NMS security").
- (4) There must be at least seven million shares or receipts evidencing the underlying security outstanding that are owned by persons other than those required to report their security holdings pursuant to Section 16(a) of the Exchange Act.

Requirement (4) as Applied to Restructure Securities:

In the case of an equity security that a company issues or anticipates

issuing as the result of a spin-off, reorganization, recapitalization, restructuring or similar corporate transaction ("Restructure Security"), the Exchange may assume that this requirement is satisfied if, based on a reasonable investigation, it determines that, on the Single Stock Future's intended listing date: (A) at least 40 million shares of the Restructure Security will be issued and outstanding; or (B) the Restructure Security will be listed on a national securities exchange or automated quotation system that is subject to an initial listing requirement of no less than seven million publicly owned shares.

In the case of a Restructure Security issued or distributed to the holders of the equity security that existed prior to the ex-date of a spin-off, reorganization, recapitalization, restructuring or similar corporate transaction ("Original Equity Security"), the Exchange may consider the number of outstanding shares of the Original Equity Security prior to the spin-off, reorganization, recapitalization, restructuring or similar corporate transaction ("Restructuring Transaction").

- (5) In the case of an underlying security other than an ETF Share, TIR or Closed-End Fund Share, there must be at least 2,000 security holders.

Requirement (5) as Applied to Restructure Securities:

If the security under consideration is a Restructure Security, the Exchange may assume that this requirement is satisfied if, based on a reasonable investigation, the Exchange determines that, on the Single Stock Future's intended listing date: (A) at least 40 million shares of the Restructure Security will be issued and outstanding; or (B) the Restructure Security will be listed on a national securities exchange or automated quotation system that is subject to an initial listing requirement of at least 2,000 shareholders. In the case of a Restructure Security issued or distributed to the holders of the Original Equity Security, the Exchange may consider the number of shareholders of the Original Equity Security prior to the Restructuring Transaction.

- (6) In the case of an underlying security other than an ETF Share, TIR or Closed-End Fund Share, it must have had a total trading volume (in all markets in which the underlying security has traded) of at least 2,400,000 shares in the preceding 12 months.

Requirement (6) as Applied to Restructure Securities:

Look-Back Test: In determining whether a Restructure Security that is issued or distributed to the shareholders of an Original Equity Security (but not a Restructure Security that is issued pursuant to a public offering

or rights distribution) satisfies this requirement, the Exchange may “look back” to the trading volume history of the Original Equity Security prior to the ex-date of the Restructuring Transaction if the following Look-Back Test is satisfied:

- (A) The Restructure Security has an aggregate market value of at least \$500 million;
- (B) The aggregate market value of the Restructure Security equals or exceeds the Relevant Percentage (defined below) of the aggregate market value of the Original Equity Security;
- (C) The aggregate book value of the assets attributed to the business represented by the Restructure Security equals or exceeds both \$50 million and the Relevant Percentage of the aggregate book value of the assets attributed to the business represented by the Original Equity Security; or
- (D) The revenues attributed to the business represented by the Restructure Security equal or exceed both \$50 million and the Relevant Percentage of the revenues attributed to the business represented by the Original Equity Security.

For purposes of determining whether the Look-Back Test is satisfied, the term “Relevant Percentage” means: (i) 25%, when the applicable measure determined with respect to the Original Equity Security or the business it represents includes the business represented by the Restructure Security; and (ii) 33-1/3%, when the applicable measure determined with respect to the Original Equity Security or the business it represents excludes the business represented by the Restructure Security.

In calculating comparative aggregate market values, the Exchange will use the Restructure Security’s closing price on its primary market on the last business day prior to the date on which the Restructure Security is selected as an underlying security for a Single Stock Future (“Selection Date”), or the Restructure Security’s opening price on its primary market on the Selection Date, and will use the corresponding closing or opening price of the related Original Equity Security.

Furthermore, in calculating comparative asset values and revenues, the Exchange will use the issuer’s (i) latest annual financial statements or (ii) most recently available interim financial statements (so long as such interim financial statements cover a period of not less than three months), whichever are more recent. Those financial statements may be audited or unaudited and may be pro forma.

Limitation on Use of Look-Back Test: Except in the case of a Restructure Security that is distributed pursuant to a public offering or rights

distribution, the Exchange will not rely upon the trading volume history of an Original Equity Security for any trading day unless it also relies upon the market price history for that trading day.

In addition, once the Exchange commences to rely upon a Restructure Security's trading volume and market price history for any trading day, the Exchange will not rely upon the trading volume and market price history of the Original Equity Security for any trading day thereafter.

- (7) In the case of an underlying security that is an ETF Share, TIR or Closed-End Fund Share, it must have had a total trading volume (in all markets in which the underlying security has traded) of at least 2,400,000 shares or receipts evidencing the underlying security in the preceding 12 months.
- (8) If the underlying security is a "covered security" as defined under Section 18(b)(1)(A) of the Securities Act of 1933, the market price per share of the underlying security has been at least \$3.00 for the previous five consecutive business days preceding the date on which the Single Stock Future is listed by the Exchange. For purposes of this provision, the market price of such underlying security is measured by the closing price reported in the primary market in which the underlying security is traded.

Requirement (8) as Applied to Restructure Securities:

Look-Back Test: In determining whether a Restructure Security that is issued or distributed to the shareholders of an Original Equity Security (but not a Restructure Security that is issued pursuant to a public offering or rights distribution) satisfies this requirement, the Exchange may "look back" to the market price history of the Original Equity Security prior to the ex-date of the Restructuring Transaction if the Look-Back Test described in paragraph (a)(6)(A) through (a)(6)(D) above is satisfied.

Restructure Securities Issued in Public Offering or Rights Distribution: In determining whether a Restructure Security that is distributed pursuant to a public offering or a rights distribution satisfies requirement (8), the Exchange may look back to the market price history of the Original Equity Security if: (i) the foregoing Look-Back Test is satisfied; (ii) the Restructure Security trades "regular way" on a national securities exchange or automatic quotation system for at least five trading days immediately preceding the Selection Date; and (iii) at the close of trading on each trading day on which the Restructure Security trades "regular way" prior to the Selection Date, as well as at the opening of trading on the Selection Date, the market price of the Restructure Security was at least \$3.00.

Limitation on Use of Look-Back Test: Except in the case of a Restructure

Security that is distributed pursuant to a public offering or rights distribution, the Exchange will not rely upon the market price history of an Original Equity Security for any trading day unless it also relies upon the trading volume history for that trading day. In addition, once the Exchange commences to rely upon a Restructure Security's trading volume and market price history for any trading day, the Exchange will not rely upon the trading volume and market price history of the related Original Equity Security for any trading day thereafter.

- (9) If the underlying security is not a "covered security" as defined under Section 18(b)(1)(A) of the Securities Act of 1933, it must have had a market price per security of at least \$7.50, as measured by the lowest closing price reported in any market in which it has traded, for the majority of business days during the three calendar months preceding the date of selection.

Requirement (9) as Applied to Restructure Securities:

Look-Back Test: In determining whether a Restructure Security that is issued or distributed to the shareholders of an Original Equity Security (but not a Restructure Security that is issued pursuant to a public offering or rights distribution) satisfies this requirement, the Exchange may "look back" to the market price history of the Original Equity Security prior to the ex-date of the Restructuring Transaction if the Look-Back Test described in paragraph (a)(6)(A) through (a)(6) (D) above is satisfied.

Restructure Securities Issued in Public Offering or Rights Distribution: In determining whether a Restructure Security that is distributed pursuant to a public offering or a rights distribution satisfies requirement (9), the Exchange may look back to the market price history of the Original Equity Security if: (i) the foregoing Look-Back Test is satisfied; (ii) the Restructure Security trades "regular way" on a national securities exchange or automatic quotation system for at least five trading days immediately preceding the Selection Date; and (iii) at the close of trading on each trading day on which the Restructure Security trades "regular way" prior to the Selection Date, as well as at the opening of trading on the Selection Date, the market price of the Restructure Security was at least \$7.50.

Limitation on Use of Look-Back Test: Except in the case of a Restructure Security that is distributed pursuant to a public offering or rights distribution, the Exchange will not rely upon the market price history of an Original Equity Security for any trading day unless it also relies upon the trading volume history for that trading day. In addition, once the Exchange commences to rely upon a Restructure Security's trading volume and market price history for any trading day, the Exchange will

not rely upon the trading volume and market price history of the related Original Equity Security for any trading day thereafter.

(10) If the underlying security is an ADR:

- (A) The Exchange must have in place an effective surveillance sharing agreement with the primary exchange in the home country where the stock underlying the ADR is traded;
- (B) The combined trading volume of the ADR and other related ADRs and securities in the U.S. ADR market, or in markets with which the Exchange has in place an effective surveillance sharing agreement, represents (on a share equivalent basis) at least 50% of the combined worldwide trading volume in the ADR, the security underlying the ADR, other classes of common stock related to the underlying security, and ADRs overlying such other stock over the three-month period preceding the date of selection of the ADR as the underlying security for a Single Stock Future ("Selection Date");

- (C)(i) The combined trading volume of the ADR and other related ADRs and securities in the U.S. ADR market, and in markets with which the Exchange has in place an effective surveillance sharing agreement, represents (on a share equivalent basis) at least 20% of the combined worldwide trading volume in the ADR and in other related ADRs and securities over the three-month period preceding the Selection Date;
- (ii) The average daily trading volume for the ADR in the U.S. markets over the three-month period preceding the Selection Date is at least 100,000 receipts; and
- (iii) The daily trading volume for the ADR is at least 60,000 receipts in the U.S. markets on a majority of the trading days for the three-month period preceding the Selection Date; or
- (D) The SEC and Commodity Futures Trading Commission ("CFTC") have otherwise authorized the listing.

(11) The Exchange will not list for trading any Single Stock Future where the underlying security is a Restructure Security that is not yet issued and outstanding, regardless of whether the Restructure Security is trading on a "when issued" basis or on another basis that is contingent upon the issuance or distribution of securities.

(b) Maintenance standards for Single Stock Futures

- (1) The Exchange will not open for trading any Single Stock Future with a new delivery month, and may prohibit any opening purchase transactions in the Single Stock Future already trading, to the extent it deems such action necessary or appropriate, unless the underlying security meets each of the following maintenance requirements; provided that, if the underlying security is an ETF Share, TIR or Closed-End Fund Share, the applicable requirements for initial listing of the related Single Stock Future (as described in paragraph (a) above) shall apply in lieu of the following maintenance requirements:
 - (A) The underlying security must be registered under Section 12 of the Exchange Act.
 - (B) There must be at least 6,300,000 shares or receipts evidencing the underlying security outstanding that are owned by persons other than those who are required to report their security holdings pursuant to Section 16(a) of the Exchange Act.
 - (C) There must be at least 1,600 security holders.

- (D) It must have had an average daily trading volume (across all markets in which the underlying security is traded) of at least 82,000 shares or receipts evidencing the underlying security in each of the preceding 12 months.

Requirement (D) as Applied to Restructure Securities:

If a Restructure Security is approved as an underlying security for a Single Stock Future under the initial listing standards in paragraph (a) of this Regulation, the average daily trading volume history of the Original Equity Security (as defined in paragraph (a) of this Regulation) prior to the commencement of trading in the Restructure Security (as defined in paragraph (a) of this Regulation), including "when-issued" trading, may be taken into account in determining whether this requirement is satisfied.

- (E) The market price per share of the underlying security has not closed below \$3.00 on the previous trading day to the Last Trading Day, as set forth in the Specifications Supplement, of the nearest expiring Single Stock Future on the underlying security. The market price per share of the underlying security will be measured by the closing price reported in the primary market in which the underlying security traded.

Requirement (E) as Applied to Restructure Securities:

If a Restructure Security is approved as an underlying security for a Single Stock Future under the initial listing standards in paragraph (a) of this Regulation, the market price history of the Original Equity Security prior to the commencement of trading in the Restructure Security, including "when-issued" trading, may be taken into account in determining whether this requirement is satisfied.

- (F) If the underlying security is an ADR and was initially deemed appropriate as an underlying security for a Single Stock Future under paragraph (a)(10)(B) or (a)(10)(C) of this Regulation, the Exchange will not open for trading Single Stock Futures having additional delivery months on the ADR unless:
- (i) The percentage of worldwide trading volume in the ADR and other related securities that takes place in the U.S. and in markets with which the Exchange has in place an effective surveillance sharing agreement for any consecutive three-month period is: (a) at least 30%, without

regard to the average daily trading volume in the ADR; or
(b) at least 15% when the average U.S. daily trading
volume in the ADR for the previous three months is at least
70,000 receipts;

(ii) The Exchange has in place an effective surveillance sharing
agreement with the primary exchange in the home country
where the security underlying the ADR is traded; or

(iii) The SEC and CFTC have otherwise authorized the listing.

(2) The Exchange will not open trading in a Single Stock Future with a new
delivery month unless:

(A) The issuer of the underlying security satisfies applicable Exchange
Act reporting requirements, or corrects any failure within 30 days
after the date the report was due to be filed; and

(B) The underlying security is listed on a national securities exchange
or is principally traded through the facilities of a national securities
association and is designated as an NMS security.

(3) If prior to the withdrawal from trading of a Single Stock Future covering
an underlying security that has been found not to meet the Exchange's
requirements for continued approval, the Exchange determines that the
underlying security again meets the Exchange's requirements, the
Exchange may open for trading new delivery months in such Single Stock
Future and may lift any restriction on opening purchase transactions.

(4) Whenever the Exchange announces that approval of an underlying
security has been withdrawn for any reason or that the Exchange has been
informed that the issuer of an underlying security has ceased to be in
compliance with Exchange Act reporting requirements, each member firm
shall, prior to effecting any transaction in Single Stock Futures with
respect to such underlying security for any customer, inform such
customer of such fact and that the Exchange may prohibit further
transactions in such Single Stock Futures as it determines is necessary and
appropriate.

Chapter 58

Narrow-Based Stock Index Futures

5801.01 **Scope of Chapter** - This chapter is limited in application to trading in any contract that is a security future (as such term is defined in Section 1a(31) of the Commodity Exchange Act (“CEA”)) based on a “narrow-based security index” (as such term is defined in Section 1a(25) of the CEA)(each, a “Narrow-Based Stock Index Future”). The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the other Rules and Regulations of the Exchange.

5802.01 **Emergencies, Acts of God, Acts of Government** - If delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God, or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract.

5803.01 **Specifications Supplements** - The general specifications set forth in this Chapter shall be subject to, and qualified by, the specific terms applicable to trading, clearing or settlement of particular Narrow-Based Stock Index Futures, as provided in Specifications Supplements adopted by the Exchange. Each Specifications Supplement for a Narrow-Based Stock Index Future shall be substantially in the form set forth in Regulation 5817.01 or such other form as the Exchange may approve. No Specifications Supplement shall become effective until the Exchange has submitted to the CFTC (i) a certification satisfying the requirements set forth in CFTC Regulation 41.22 and (ii) a filing satisfying the requirements set forth in CFTC Regulation 41.23, with respect to the Narrow-Based Stock Index Future to which it relates.

5804.01 **Underlying Securities** - Narrow-Based Stock Index Futures shall be based on such indices consisting of two or more underlying securities, which satisfy the requirements set forth in CFTC Regulation 41.21(b), as determined by the Exchange.

5805.01 **Trading Hours** - Narrow-Based Stock Index Futures shall be traded during such hours, as determined by the Exchange.

5806.01 **Delivery Months** – Narrow-Based Stock Index Futures shall be traded for delivery in such months, as determined by the Exchange.

5807.01 **Last Trading Day** – All trading in a particular Narrow-Based Stock Index Future shall terminate at the close of business on the third Friday of the contract month.

5808.01 Minimum Price Fluctuations - The minimum price fluctuation for Narrow-Based Stock Index Futures shall be \$0.01 per contract.

5809.01 Price Limits – There is no daily price limit for Narrow-Based Stock Index Futures.

5810.01 Position Limits - For purposes of Regulations 425.01 through 425.05, the position limit applicable to positions in any physically settled Narrow-Based Stock Index Future held during the last five trading days of an expiring Narrow-Based Stock Index Future shall be the position limit adopted by the Exchange in accordance with CFTC Regulation 41.25. Pursuant to CFTC Regulation 41.25, the applicable position limit shall apply with respect to the security in the index underlying the Narrow-Based Stock Index Future having the lowest average daily trading volume. Each such position limit shall be published by the Exchange.

For purposes of Regulations 425.01 through 425.05, the Exchange shall establish position limits for cash settled Narrow-Based Stock Index Futures held during the last five trading days of an expiring Narrow-Based Stock Index Future, according to the following methodology. The position limit for each cash settled Narrow-Based Stock Index Future shall be the number of contracts calculated according to formula (i) “Market Cap Position Limit” or (ii) “SSF Position Limit” below, whichever is less, rounded to the nearest multiple of 1,000 contracts; provided, however, that if formula (i) or (ii), whichever is less, calculates a number less than 500 but not less than 400 for any such Narrow-Based Stock Index Future, the position limit will be 1,000 contracts.

(i) “Market Cap Position Limit”

(A) The Exchange will determine the market capitalization of the Standard & Poor’s 500 index (the “S&P 500”) as of the selection date for the component securities of the index underlying the Narrow-Based Stock Index Future (the “Selection Date”) (the “S&P 500 Market Cap”); then

(B) The Exchange will calculate the notional value of a futures position in Chicago Mercantile Exchange Inc.’s (“CME”) S&P 500 futures contract at its maximum limit (the “S&P 500 Notional Value Limit”) by multiplying the S&P 500 by the position limit for CME’s S&P 500 futures contract (20,000 contracts in all months combined) and by the S&P 500 contract multiplier (\$250) to calculate:

$$\text{S\&P 500 Notional Value Limit} = \text{S\&P 500} * 20,000 * \$250$$

then

(C) The Exchange will divide the S&P 500 Market Cap by the S&P 500 Notional Value Limit to calculate the “Market Cap Ratio”:

$$\text{Market Cap Ratio} = \frac{\text{S\&P 500 Market Cap/}}{\text{S\&P 500 Notional Value Limit}}$$

then

(D) The Exchange will calculate the market capitalization of the stock index underlying the Narrow-Based Stock Index Future by adding together the market capitalization of each stock comprising the stock index (the "Stock Index Market Cap"); then

(E) The Exchange will calculate the notional value of the Narrow-Based Stock Index Future (the "Notional Value") as follows:

$$\text{Notional Value} = \text{Level of index underlying Narrow-Based Stock Index Future} * \text{contract multiplier}$$

(F) The Exchange will calculate the Market Cap Position Limit of the Narrow-Based Stock Index Future by dividing the Stock Index Market Cap by the product of the Notional Value of the Narrow-Based Stock Index Future and the Market Cap Ratio:

$$\text{Market Cap Position Limit} = \frac{\text{Stock Index Market Cap/}}{\text{Notional Value} * \text{Market Cap Ratio}}$$

(ii) "SSF Position Limit"

(A) The Exchange will calculate the notional value of the Narrow-Based Stock Index Future (same as (i)(E) above):

$$\text{Notional Value} = \text{Level of index underlying Narrow-Based Stock Index Future} * \text{contract multiplier}$$

(B) For each component security in the index underlying the Narrow-Based Stock Index Future, the Exchange will multiply its index weight¹ by the Notional Value to determine that security's proportion of the Narrow-Based Stock Index Future.

(C) For each component security, the Exchange will divide the result in (ii)(B) by the security's price. This equals the number of shares of that security represented in the Narrow-Based Stock Index Future.

¹ Index weight of the component security = (assigned shares * price) of the component security / the sum of (assigned shares * price) for each component security.

- (D) For each component security, the Exchange will divide the number of shares calculated in (ii)(C) by 100 to obtain the implied number of 100-share contracts per Narrow-Based Stock Index Futures contract.
- (E) The Exchange will divide the applicable single stock futures contract speculative position limit set in CFTC Regulation 41.25(a)(3) (either 13,500 or 22,500 contracts) by the number of implied 100-share contracts. This provides the number of Narrow-Based Stock Index Futures contracts that could be held without violating the speculative position limit on a futures contract on that component security (if such single stock futures contract existed). If the security qualifies for position accountability under CFTC Regulation 41.25(a)(3), that security will be ignored for purposes of this calculation.
- (F) The Exchange will publicize the results of (ii)(D) and (ii)(E). The SSF Position Limit is the minimum number of implied contracts based on these results.

5811.01 Regulatory Trading Halts - Trading in a Narrow-Based Stock Index Future shall be halted at all times that a regulatory halt, as defined in CFTC Regulation 41.1(l), has been instituted for one or more underlying securities that constitute 50 percent or more of the market capitalization of the Narrow-Based Stock Index.

5812.01 Daily Settlement Price - The daily settlement price for cash settled Narrow-Based Stock Index Futures will be calculated in the same manner as set forth in Regulation 5713.01.

5813.01 Final Settlement Price

- (a) The final settlement price for cash settled Narrow-Based Stock Index Futures shall be determined on the third Friday of the contract month. If the Exchange is not open for business on the third Friday of the contract month, the final settlement price shall be determined on the Business Day prior to the third Friday of the contract month. The final settlement price for cash settled Narrow-Based Stock Index Futures shall be based on a special opening quotation of the underlying narrow-based securities index ("Narrow-Based Stock Index").
- (b) Notwithstanding paragraph (a) above, if an opening price for one or more securities underlying a Narrow-Based Stock Index Future is not readily available, the Exchange will determine whether the security or securities are likely to open within a reasonable time.
 - (i) If the Exchange determines that one or more underlying securities are not likely to open within a reasonable time, then for the underlying security or securities which the Exchange determined were not likely to open within a

reasonable time, the last trading price of the underlying security or securities during the most recent regular trading session for such security or securities will be used to calculate the special opening quotation.

(ii) If the Exchange determines that the security or securities are likely to open within a reasonable time, then for the underlying security or securities which the Exchange determined were likely to open within a reasonable time, the next available opening price of such security or securities will be used to calculate the special opening quotation.

(c) For purposes of paragraph (b) above:

(i) "Opening price" means the official price at which a security opened for trading during the regular trading session of the national securities exchange or national securities association that lists the security. If the security is not listed on a national securities exchange or a national securities association, then "opening price" shall mean the price at which a security opened for trading on the primary market for the security. If a component security is an American Depositary Receipt ("ADR") traded on a national securities exchange or national securities association, the opening price for the ADR would be derived from the national securities exchange or national securities association that lists it.

(ii) "Special opening quotation" means the Narrow-Based Stock Index value that is derived from the sum of the opening prices of each component security in the Narrow-Based Stock Index.

(iii) "Regular trading session" of a security means the normal hours for business of a national securities exchange or national securities association that lists the security.

(iv) The price of a security is "not readily available" if the national securities exchange or national securities association that lists the security does not open on the day scheduled for determination of the final settlement price, or if the security does not trade on the national securities exchange or national securities association that lists the security during the regular trading session.

(d) Notwithstanding any other provision of this Regulation, this Regulation shall not be used to calculate the final settlement price of a security futures product if the Exchange's Clearing Services Provider fixes the final settlement price of such security futures product in accordance with its rules and as permitted by CFTC Regulation 41.25(b) and SEC Rule 6h-1(b)(3).

5814.01 Delivery - Delivery of the underlying securities upon termination of any physically settled Narrow-Based Stock Index Future, and payment of the price in respect thereof, shall be made in accordance with the Rules of the Exchange's Clearing Services Provider. As promptly as possible after the receipt of a notice of delivery from the Clearing Services Provider with respect to a Narrow-Based Stock Index Future held by a member firm for a customer, such member firm shall require such customer to deposit the underlying securities (in the case of a short position) or pay the aggregate price in respect thereof, in full and in cash (in the case of a long position), or in either case, if the transaction is effected in a margin account, to make the required margin deposit in accordance with the applicable regulations of the Federal Reserve Board.

5815.01 Contract Modifications - The specifications for a particular Narrow-Based Stock Index Future shall be as set forth in the filing made with respect thereto pursuant to CFTC Regulation 41.23. If any U.S. governmental agency or body issues a law, order, ruling or directive that conflicts with the requirements of this Chapter or specifications set forth in any Specifications Supplement, such law, order, ruling or directive shall be deemed to take precedence over such requirements or specifications and shall become part of this Chapter or of such Specifications Supplement and all open and new contracts shall be subject thereto.

5816.01 Contract Adjustments - Adjustments to Narrow-Based Stock Index Futures related to actions or transactions by or affecting any issuer of the underlying securities shall be made under the circumstances and in the manner prescribed by the Exchange or its Clearing Services Provider.

5817.01 Form of Specifications Supplement

Supplement No. _____

Title of Narrow-Based Stock Index Future: _____

Underlying Securities (including numbers of values thereof):

Weighting Methodology:

Trading Hours:

Delivery Months:

Last Trading Day:

Delivery Day:

Minimum Price Fluctuation:

Reportable Position:

Position Limit in Expiring Contract
during Last Five Trading Days:
Other Specifications:

5818.01 Listing Standards

(a) Initial listing standards for Narrow-Based Stock Index Futures

For a Narrow-Based Stock Index Future to be eligible for initial listing, the
underlying index must:

- (1) Meet the definition of a narrow-based security index in Section 1a(25) of
the Commodity Exchange Act ("CEA") and Section 3(a)(55) of the
Securities Exchange Act of 1934 (as amended from time to time, the
"Exchange Act"); and
- (2) Meet the following requirements:
 - (A) It must be capitalization-weighted, modified capitalization-
weighted, price-weighted, share-weighted, equal dollar-weighted,
approximately equal dollar-weighted, or modified equal-dollar
weighted.
 - (i) In the case of a Narrow-Based Stock Index Future based on
an approximately equal dollar-weighted index composed of
one or more securities, each component security will be
weighted equally based on its market price on the index
selection date, subject to rounding up or down the number
of shares or receipts evidencing such security to the nearest
multiple of 100 shares or receipts.
 - (ii) In the case of a modified equal-dollar weighted index, each
underlying component represents a pre-determined
weighting percentage of the entire index. Each component
is assigned a weight that takes into account the relative
market capitalization of the securities comprising the index.
 - (iii) In the case of a share-weighted index, the index is
calculated by multiplying the prices of the component
securities by an adjustment factor. Adjustment factors are
chosen to reflect the investment objective deemed
appropriate by the designer of the index and will be
published by the Exchange as part of the Specifications
Supplement for the Narrow-Based Stock Index Future. The
value of the index is calculated by adding the weight of

each component security and dividing the total by an index divisor, calculated to yield a benchmark index level as of a particular date. A share-weighted index is not adjusted to reflect changes in the number of outstanding shares of its components.

- (B) Its component securities must be registered under Section 12 of the Exchange Act.
- (C) Subject to (E) and (O) below, the component securities that account for at least 90% of the total index weight and at least 80% of the total number of component securities in the index must meet the requirements for listing a Single Stock Future, as set forth in Regulation 5719.01(a):
- (D) Each component security in the index must have a minimum market capitalization of at least \$75 million, except that each of the lowest weighted securities in the index that in the aggregate account for no more than 10% of the weight of the index may have a minimum market capitalization of only \$50 million.
- (E) The average daily trading volume in each of the preceding six months for each component security in the index must be at least 45,500 shares or receipts, except that each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index may have an average daily trading volume of only 22,750 shares or receipts for each of the last six months.
- (F) Each component security in the index must be (i) listed on a national securities exchange or traded through the facilities of a national securities association and (ii) reported as a “national market system” security as set forth in Rule 242.600 under the Exchange Act (“NMS security”).
- (G) Foreign securities or ADRs thereon that are not subject to comprehensive surveillance sharing agreements must not represent more than 20% of the weight of the index.
- (H) The current underlying index value must be reported at least once every 15 seconds during the time the Narrow-Based Stock Index Future is traded on the Exchange.
- (I) An equal dollar-weighted index must be rebalanced at least once every calendar quarter, except that an approximately equal dollar-

weighted index underlying a Narrow-Based Stock Index Future need only be rebalanced as provided in (L) below.

- (J) A modified equal-dollar weighted index must be rebalanced quarterly.
- (K) A share-weighted index will not be rebalanced.
- (L) An approximately equal dollar-weighted index underlying a Narrow-Based Stock Index Future must be rebalanced annually on December 31 of each year if the notional value of the largest component is at least twice the notional value of the smallest component for 50% or more of the trading days in the three months prior to December 31 of each year. For purposes of this provision the "notional value" is the market price of the component times the number of shares of the underlying component in the index. In addition, the Exchange reserves the right to rebalance quarterly at its discretion.
- (M) An underlying index may be rebalanced on an interim basis if warranted as a result of extraordinary changes in the relative values of the component securities. To the extent investors with open positions must rely upon the continuity of the Narrow-Based Stock Index Future, outstanding Narrow-Based Stock Index Futures contracts are unaffected by rebalancings.
- (N) If the underlying index is maintained by a broker-dealer, the index must be calculated by a third party who is not a broker-dealer, and the broker-dealer must have in place an information barrier around its personnel who have access to information concerning changes in and adjustments to the index.
- (O) In a capitalization-weighted index, the lesser of: (i) the five highest weighted component securities in the index each have had an average daily trading volume of at least 90,000 shares or receipts over the past six months; or (ii) the highest weighted component securities in the index that in the aggregate represent at least 30% of the total number of securities in the index each have had an average daily trading volume of at least 90,000 shares or receipts over the past six months.
- (P) If a Narrow-Based Stock Index Future is cash settled, it must be designated as AM-settled.

In addition, the Exchange will not list a Narrow-Based Stock Index Future that is physically-settled until it has arrangements in place with a registered clearing

agency for the payment and delivery of the underlying securities pursuant to Section 6(h)(3)(B) of the Exchange Act, and has made a rule submission required by the Securities and Exchange Commission ("SEC") regarding such arrangements.

(b) Maintenance standards for Narrow-Based Stock Index Futures

(1) The Exchange will not open for trading a Narrow-Based Stock Index Future with a new delivery month unless the underlying index:

(A) Meets the definition of a narrow-based security index in Section 1a(25) of the CEA and Section 3(a)(55) of the Exchange Act; and

(B) Meets the following requirements:

(i) Its component securities must be registered under Section 12 of the Exchange Act.

(ii) Subject to (iv) and (xiii) below, the component securities that account for at least 90% of the total index weight and at least 80% of the total number of component securities in the index must meet the requirements for listing a Single Stock Future, as set forth in Regulation 5719.01(a).

(iii) Each component security in the index must have a market capitalization of at least \$75 million, except that each of the lowest weighted component securities that in the aggregate account for no more than 10% of the weight of the index may have a market capitalization of only \$50 million.

(iv) The average daily trading volume in each of the preceding six months for each component security in the index must be at least 22,750 shares or receipts, except that each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index may have an average daily trading volume of at least 18,200 shares or receipts for each of the last six months.

(v) Each component security in the index must be (I) listed on a national securities exchange or traded through the facilities of a national securities association and (II) reported as an NMS security.

- (vi) Foreign securities or ADRs thereon that are not subject to comprehensive surveillance sharing agreements must not represent more than 20% of the weight of the index.
- (vii) The current underlying index value must be reported at least once every 15 seconds during the time the Narrow-Based Stock Index Future is traded on the Exchange.
- (viii) An equal dollar-weighted index must be rebalanced at least once every calendar quarter, except that an approximately equal dollar-weighted index underlying a Narrow-Based Stock Index Future need only be rebalanced as provided in (ix) below.
- (ix) An approximately equal dollar-weighted index underlying a Narrow-Based Stock Index Future must be rebalanced annually on December 31 of each year if the notional value of the largest component is at least twice the notional value of the smallest component for 50% or more of the trading days in the three months prior to December 31 of each year. For purposes of this provision the "notional value" is the market price of the component times the number of shares of the underlying component in the index. In addition, the Exchange reserves the right to rebalance quarterly at its discretion.
- (x) In a modified equal-dollar weighted index the Exchange will re-balance the index quarterly.
- (xi) If a share-weighted index fails to meet the maintenance listing standards under paragraph (b) of this Regulation, the Exchange will not re-balance the index and will not list a Narrow-Based Stock Index Future for new delivery months based on that index.
- (xii) If the underlying index is maintained by a broker-dealer, the index must be calculated by a third party who is not a broker-dealer, and the broker-dealer must have in place an information barrier around its personnel who have access to information concerning changes in and adjustments to the index.
- (xiii) In a capitalization-weighted index, the lesser of: (I) the five highest weighted component securities in the index each have had an average daily trading volume of at least 45,500 shares or receipts over the past six months; or (II) the

highest weighted component securities in the index that in the aggregate represent at least 30% of the total number of stocks in the index each have had an average daily trading volume of at least 45,500 shares or receipts over the past six months.

(xiv) The total number of component securities in the index must not increase or decrease by more than 33-1/3% from the number of component securities in the index at the time of its initial listing.

(2) If the foregoing maintenance standards in paragraph (b)(1) are not satisfied, the Exchange will not open for trading a Narrow-Based Stock Index Future with a new delivery month, unless it receives the approval of the Securities and Exchange Commission and the Commodity Futures Trading Commission.